

merce implies. Assume that he has sold (or exported) to a merchant, AB, abroad, £100 worth of manufactured articles; let him receive from AB, in discharge of the price, a draft for the £100 upon an English firm of merchants, which he presents to his banker for discount, obtains notes, and cashes them at the Bank of England. "Here," he retorts, "I have been paid in cash, and not in goods." But, consider; the foreign debtor, AB, could not make a call *upon the English firm to pay the money, unless that firm had first received the equivalent of the amount. How can this occur? The foreign debtor, AB, bought the bill or draft for the £100 (we omit, for clearness, consideration of the rate of exchange and charges) from a local exchange dealer, for which he paid cash on the spot; and then transmitted it to his creditor (the learner) in England, as has been supposed. But how did that bill or draft come into existence, in order to be bought and sent? Simply because some other merchant in the place abroad had sold *goods* to the English firm in question (that is, the English firm had imported those goods) and had drawn the bill upon them for the price, and sold it for cash to the local money dealer from whom it was purchased by AB. Thus, although the person we have been considering (the learner) receives a bill which he converts into cash, the bill (and cash) is the representative and sign of the import of goods into England, that is to say, the learner's export has been really discharged by an import. (See Note C, p. 183.)

Another valuable indication of the condition of trade is supplied by the Bankers' Clearing House Returns. This House is an admirable arrangement for avoiding the inconvenience and expense of every banker, to whom customers have paid in cheques drawn upon other banks, being under the cumbrous necessity of directly presenting these cheques to the various banks on which they are drawn, and receiving their several payments in notes, or cash, or draft. By the device of a Clearing House—a building devoted to this purpose—each bank is represented by a clerk, and the several clerks exchange the whole of

the cheques and bills which they hold against each other. If Bank A, for example, has received (paid in by customers) cheques drawn upon Bank B, for £5,000,